

BUDGET AND FINANCIAL GUIDELINES

The purpose of the Great Start Readiness Program (GSRP) is to improve school readiness. Preschool programs funded through this state grant program must be designed to meet the comprehensive needs of four-year-old children and must provide opportunities for the active involvement of parents in program planning and implementation. For eligible Formula subrecipients, the Parent Involvement and Education (PIE) option funded through this categorical program must be prepared to provide services to all families with children age five or younger residing within the school district, whose income is below 300 percent of the poverty level.

Budget Guidelines

GSRP allocations/awards should be carefully budgeted to provide high-quality programming. State funds are appropriated annually based on a 10/1 to 9/30 fiscal year. School districts are to ensure that services and materials purchased for a given fiscal year are booked in the accounting system for that year.

GSRP funds may be used to pay for the following:

- Instructional materials and supplies
- Nutritional supplies beyond those provided by other available sources
- Lead teacher, associate teacher, early childhood specialist, and aide salaries and fringe benefits
- Parent involvement activities
- Transportation for students
- Health support services
- Student support services
- Staff development and teacher/parent training
- Travel necessary to enable project staff to implement the early childhood program
- Office supplies and materials
- Communication
- Printing and binding
- Rent paid to an entity other than the Intermediate School District (ISD), subrecipient, or subcontractor for facility or space
- Construction or renovation expenses related to licensing, as documented by the pre-licensing report and pre-approved by the Michigan Department of Education (MDE)
- Equipment (such as shelving, tables, CD player)

Great Start Readiness Program funds MAY NOT be used to pay for:

- Stipends
- Existing administrative, educational, or support personnel funded through other sources
- Indirect costs
- Costs that should be covered by Special Education

Great Start Readiness Program funds MUST be used to pay for:

- Preschool Program Quality Assessment (PQA) for each classroom where even one GSRP-funded child is enrolled.

Administrative Cap

The maximum amount of program funds allowable for administrative costs is 10 percent of the total grant. The following function codes are considered “administrative” when being reviewed for the maximum allowable expenditure: 230, 240, 250, 260 and 280. Exempt from the administrative cap are amounts designated for the rent or lease of a facility needed to implement the preschool programs; early childhood specialist; maintenance, janitorial, utilities, and insurances, which are part of a lease/rental agreement; audit; security services; and classroom telephones.

ISDs may award subrecipient LEAS and agencies Formula slots to operate GSRP classrooms. They may also approve the submission of Competitive applications prepared by community agencies and Head Start grantees. Competitive slots are awarded by MDE to the ISD on behalf of the applying community agency. The community agency is considered a subcontractor of the ISD.

In both Formula and Competitive GSRP, the ISD may retain no more than five percent of the grant amount for administrative services. If the ISD retains the five percent, the budget detail may document no more than an additional five percent of the total grant to be utilized for administrative purposes by the subrecipient/subcontractor. If the ISD retains less than five percent for administrative expenditures, it may decide that the unused portion of its permitted percentage for administration may be used by the subrecipients/subcontractors. The total of administrative expenses may not exceed ten percent between the ISD and its subrecipients/subcontractors. The ISD must create written agreements (see Funding section for detail) with subrecipients/subcontractors that specify the percentage of grant funds the ISD will retain for administrative purposes and the administrative services the subrecipients/subcontractors will receive from the ISD. The total administrative percentage available for use by the subrecipients/subcontractors must be specified.

Budget Detail

The budget screens in Michigan Electronic Grants System Plus (MEGS+) are designed to allow the ISD to detail its portion of the budget and provide a separate budget detail for each subrecipient/subcontractor. Budget detail is required for each line item that is presented in the budget summary. The detail should include clearly-described expenditures directly related to the activities provided in GSRP. For example: \$5,000 Supplies and Materials: art supplies, children’s books, math/science manipulatives, and gross motor materials to be taken outdoors daily for two classrooms. Detailed items must be reasonable for the quality of the project activities proposed, include appropriate function codes, as indicated on the budget summary, and not exceed the maximum of 10 percent for combined

administrative costs (lines 230, 240, 250, 260 & 280). Items reported under Purchased Services must clearly identify personnel, materials, or services. An optional detail of local share expenditures is listed separately.

Pie Option (Formula Only)

For eligible Formula subrecipients that have implemented the PIE option in the immediate previous program year, it is necessary to detail PIE funds and GSRP preschool funds separately. Funds must be spent within the guidelines set for the PIE option. PIE funds may be carried over; however, subsequent PIE expenditures will be limited to the amount of PIE expenditures documented in the previous year's Final Expenditure Report. ISDs that have not used the PIE option in the previous year may not use any amount of GSRP funding for PIE.

Local Share

Additional funds from other sources utilized to support the program may be reported as Local Agency Share. This is beneficial in documenting the true costs of the program. In programs that combine GSRP-funded children with children supported from other sources, the funds that support other children's attendance may not be entered. Enter only those contributions to the program for GSRP-funded children.

Personnel Rules

Salaries entered for personnel must be accompanied by an entry in benefits. If the individual does not receive benefits, enter "0." Full Time Equivalent (FTE) or hours must be designated for each individual or category of individuals entered. A 1.0 FTE is viewed as the equivalent of 40 hours/week, whether the individual is contracted to work the full calendar year or the school calendar year.

Personnel must be separated by position. Grantees may include a formula for staff (two associate teachers at \$XX.00 per hour). Hours entered should equal the total hours per year. In programs that blend GSRP-funded children with children who are supported from other sources, enter only the prorated time staff spends with GSRP-enrolled children.

Capital Outlay

Capital outlay refers to costs in excess of \$5,000 for developmentally appropriate classroom equipment (per unit), and building purchase and renovation cost, if needed, to meet Public Act 116 of 1973, as amended, licensing approval or to provide sufficient classroom space. Prior approval by MDE is required before the funding for the item is obligated. A written request should include:

- Estimated amount of purchase or renovation, with details if extensive;
- Justification for the purchase or renovation;

- List of funding sources used and portion charged to GSRP;
- Details of the extent of ongoing costs associated with the purchase or renovation;
- Assurance that the purchase or renovation is for GSRP and that GSRP will continue to benefit from the purchase or renovation; and
- Explanation of how program services will be provided if funds are used for capital outlay.

Closure Procedures

In cases where a subrecipient/subcontractor will no longer take part in the GSRP, they must adhere to the following guidelines by completing the following activities:

Notifications

Competitive Subcontractor: If a subcontractor has decided not to accept, in part or in whole, funds awarded for GSRP, written notification must be submitted to the ISD and MDE.

Formula Subrecipients: If a subrecipient has decided to decline to participate in GSRP the ISD must be informed.

Reports

All remaining reports covering the period of time in which the subrecipient/subcontractor did participate must be completed for the ISD.

Materials

Notify the ISD in writing of the equipment and supplies purchased with GSRP funds and arrange to return them to the ISD as they will be needed for the program to which slots are moved.

Detailing Program Budget with Subrecipients/Subcontractors

ISDs that use subrecipients (Formula funding) or subcontractors (Competitive grants) to provide all or a portion of the GSRP must, in addition to providing the detail of their own anticipated expenditures, detail the anticipated expenditures of the subrecipient/subcontractor, whether the subrecipient/subcontractor is another school district or community-based child care organization.

If the subrecipient/subcontractor is a community-based organization:

Select the function code of the activity (118), then to assist in sorting the entries, in the description for the budget item, type the abbreviated name of the contractor, then a colon, then a brief description of the anticipated expenditure. (Example: Happy Kids: 2.0 FTE teacher salary - \$15,000 salary – \$6,000 fringe benefits). Break down the anticipated expenditures to the detail that allows the ISD and MDE to determine all anticipated expenditures are reasonable and cost effective for the program being implemented, as well as to be able to determine that the

administrative cap has not been exceeded. All of the contracted services are reported under 3000 Purchased Services.

If the subrecipient is a school district:

Select the function code of the activity (118), then to assist in sorting the entries, in the description for the budget item, type the abbreviated name of the contracted school district, then a colon, then a brief description of the anticipated expenditure. (Example: Fife Lake – 2.0 FTE teacher salary - \$15,000 salary – \$6,000 fringe benefits). Break down the anticipated expenditures to the detail that allows the fiscal agent and MDE to determine all anticipated expenditures are reasonable and cost effective for the program being implemented, as well as to be able to determine that the administrative cap has not been exceeded. All of the contracted services are reported under 8000 Other Expenses.

Function Codes selected and modified for GSRP use:

Function Code	Description
118	Preschool - Instructional activities in learning which normally may be achieved during the years immediately preceding kindergarten. Instruction includes the activities dealing directly with the teaching of pupils or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom or outdoors, in another location such as in a home or hospital, and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of classroom aides, teacher assistants, supplies and machines that directly aid in the instructional process. Include the work of group and class sponsors and chaperons at student activities. Include activities associated with instructional field trips. Include unemployment if grantee follows a written costing policy for funding unemployment insurance for all entity employees regardless of funding source. Notes: Administrative Fees related to staff hired via Purchased Services is reported in 283. Food service is reported in 297 if provided by an LEA.
212	Guidance Services - Consist of those activities of counseling with pupils and parents, providing consultation with other staff members on learning problems, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for pupils.
213	Health Services – Consist of physical and mental health services. Included are activities involved with providing pupils with appropriate medical, dental, nursing occupational therapy, or other health services.
214	Psychological Services - Consist of those activities of administering psychological tests, interpreting the results of psychological tests, working with other staff members in planning school programs to meet the special needs of pupils as indicated by psychological tests, and planning and managing a program of psychological services including psychological counseling for the school or school system. Include Guidance Services support staff.

215	Speech Pathology and Audiology Services - Consist of those activities which have as their purpose the assessment of speech, hearing and language of children, providing staff consultation or whole class strategies to support speech, hearing and language.
216	Social Work Services - Consist of those activities that have as their purpose the performance of school social work activities dealing with the problems of pupils that involve the home, school, and community.
217	Visual Aid Services - Consist of those activities that have as their purpose the assessment of sight impairments, providing staff consultation or whole class strategies to support development of vision.
221	Improvement of Instruction - Consists of those activities that are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging and natural learning experiences for pupils. These activities include curriculum development, techniques of instruction, child development and understanding, in-service training or other professional development for instructional staff such as workshops, coursework and includes professional dues or fees. Include fees for program evaluation (Preschool Program Quality Assessment - PQA).
222	Educational Media Services - Consist of those activities such as selecting, acquiring, preparing, cataloging, and circulating books and other printed materials; planning the use of educational media by teachers and other members of the instructional staff; and guiding instructional staff members in their use of educational media. Included here are the activities for planning the use of the educational media by pupils and instructing pupils in their use of media materials.
226	Supervision and Direction of Instructional Staff - Directing and managing instructional services. Includes the activities of program coordination and program compliance monitoring. Examples: Special Education, Career Technical, Title I directors, and Early Childhood Specialist.
227	Academic Student Assessment - Academic assessment of pupils; i.e., developmental screener and ongoing child assessment materials.
229	Other Instructional Staff Services - Consist of activities other than those defined above to assist instructional staff.
231	Board of Education - Activities performed by the elected body that has been created according to state law and vested with responsibilities for educational activities by the grantee. Includes legal, audit and election costs or fees.
232	Executive Administration - Those activities associated with district-wide general or executive responsibilities, including the development and execution of school district policies through staff at all levels. Titles may include superintendent, associate or assistant superintendent, but may not be limited to such designations. These activities may be distinguished from the supervision or direction of a specific function, program or supporting service that may appropriately be charged to another specific instructional or supporting function. When the same individual directs two or more functions, the services of that individual's office may be prorated between the functions concerned. Include community relation's services, district-wide or agency activities, and programs designed to improve school/community relations.
233	Grant Writer/Grant Procurement - Activities associated with grant writing and administrative activities necessary for meeting state and federal requirements related to grants. Example: When a grantee employs a grant writer or coordinator.
241	Office of the Principal - Activities performed by the principal, assistant principal and other assistants in the general supervision of all operations of

	the school building; evaluation of staff members of the school; supervision and maintenance of the school records are included under this function, along with clerical staff for these activities and includes the program director of GSRP grantees. Include support staff for positions such as Guidance Services, Health Services, Psychological Services, Speech Pathology and Audiology Services, Social Work Services and the Early Childhood Specialist.
249	Other School Administration – Other activities of school administration not defined above. Include full-time department chair persons and graduation expenditures here.
252	Fiscal Services – Activities concerned with the fiscal operations of the school system. This function includes budgeting, receiving and disbursing, financial accounting, payroll, purchasing, inventory control, and internal auditing.
257	Internal Services – Activities concerned with storing and distributing supplies, furniture, and equipment. Also include duplicating and printing services, central mail services, and costs associated with the operation of a central switchboard or receptionist.
261	Operating Buildings Services – Activities concerned with keeping the physical plant open, clean, and ready for daily use. They include operating the heating, lighting, and ventilation systems, and repairing facilities/equipment. Also included are operating building leases, property and liability insurance, janitorial and ground maintenance costs, licensing fees, cell phones, classroom telephones, and child insurance. May be used in a Capital Projects fund only to extent allowed by law.
266	Security Services - Activities concerned with maintaining order and safety in school buildings, on the grounds and in the vicinity of schools at all times. Included are police activities for school functions, traffic control on grounds and in the vicinity of schools, building alarm systems, and security guards.
271	Pupil Transportation Services – Activities concerned with the conveyance of pupils to and from school, as provided by state law. It includes trips between home and school or trips to school activities. All other direct costs related to pupil transportation should be included under this function; i.e., physical exams, uniforms, school bus driver licenses, awards, bus monitors, etc. May be used in Capital Projects Funds only to extent allowed by law.
281	Planning, Research, Development, and Evaluation - Activities, on a system-wide basis, associated with conducting and managing programs of planning, research, development, and evaluation for a school system, NAEYC Accreditation fees, and recruitment expenses, such as postage.
282	Communication Services - Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to pupils, staff, managers or to the general public through direct mailing, the various news media, or personal contact. This includes advertising and promotion.
283	Staff/Personnel Services – Activities concerned with maintaining an efficient staff for the school system. It includes such activities as recruiting and placement, staff transfers, in-service training, health services, staff accounting, and staff relations and negotiations. In-service training and professional development for non-instructional support staff should be recorded here.
284	Support Services Technology - Activities concerned with preparing data for storage, storing data, and retrieving data for reproduction as information for management and reporting when these services are provided by the grantee in its own facilities. Also include activities associated with technology support.
285	Pupil Accounting - Consists of those activities concerned with acquiring,

	maintaining, and auditing records of pupil attendance, and reporting information to various oversight agencies.
289	Other Central Services - Central services not defined above.
297	Food Services - Consist of those activities concerned with providing food to pupils and staff in a school or school system. This service includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities and the delivery of food. Include only food service expenses that exceed reimbursement from the National School Lunch Program or Child and Adult Care Food Program (CACFP).
299	Other Support Services – Central services not defined above.
311	Community Services Direction – Activities concerned with directing and managing community services activities, community school direction, and includes the PIE director. Include GSRP parent education and parent meeting activities.
452	Site Improvement Services - Activities concerned with improving sites and with maintaining existing site improvements.
453	Architecture and Engineering Services - Activities of architects and engineers related to acquiring and improving sites and improving buildings. Charges are made to this function only for those preliminary activities that may or may not result in additions to the school district property. Otherwise charge to 451, 452, 455, or 456.
455	Building Acquisition and Construction Services - Activities concerned with buying or constructing buildings. Include cost for the initial equipping of facilities.
456	Building Improvements Services - Activities concerned with building additions and with installing or extending service systems and other built-in equipment. Include the cost for re-equipping the facility.

Fiscal Reporting

Financial reporting is accomplished in MEGS+ and the Financial Information Database (FID).

MEGS+ is an efficient grants management system that utilizes internet technologies to manage the grant application process. This process includes the full range of activities, from the announcement of grants, access to grant application information and reporting data that is stored centrally, and receipt and review of applications. MEGS+ interacts with a variety of other State of Michigan systems. These systems include GEMS (Grant Electronic Monitoring System), MEIS (Michigan Education Information System), the Grant Accounting System, and the School Code Master. ISDs and School districts use the FID application to submit information from their annual financial reports, balance sheets, revenues, district and school expenditures.

Each ISD staff person that will work within these programs must have an established Michigan Education Information System (MEIS) account. The following site allows the creation an account:

http://www.michigan.gov/mde/0,1607,7-140-5236_29341---,00.html. In order to access the FID, users must have an active valid MEIS account and must have submitted to The Center for Educational Performance and Information (CEPI) a FID security agreement form signed by the district's lead administrator as indicated in the Educational Entity Master (EEM). For questions, contact CEPI Customer Support

at 517-335-0505 or at CEPI@michigan.gov. Include your full name and complete telephone number (with area code) when you contact Customer Support.

Budget Revision Process

An ISD budget must be revised if the amount of change in any function code exceeds 10 percent of the total. Budget revisions should be discussed with the assigned GSRP consultant for approval. Applications may be returned by the consultant for modifications. The ISD may impose the same criteria on subrecipients/subcontractors. In that case, budget revision requests should be discussed for prior approval with the ISD.

MDE Recovery of Funds

Funding for unfilled slots will be recaptured through the State Aid Payment process. See the Funding section for an explanation of documenting filled slots.

Funds Not Spent

ISDs with subrecipients/subcontractors having unspent funds associated with the number of filled slots may request carryover of funds into the next school year at the time the Final Expenditure Report is completed. Funds must be expended according to program options identified in the GSRP Application in MEGS. For example, classroom funds must be carried over for classroom purposes and PIE funds must be carried over for PIE purposes. Carryover funds must be spent by **June 30** of the subsequent fiscal year and reported in MEGS+ in a Carryover Final Expenditure Report and the FID. Typical uses for carryover funds include staff salaries and professional development activities which occur before the October State Aid Payment. A lack of carryover requested and/or unexpended carryover will result in a Prior Year Adjustment.

Scenario A	Scenario B
<ul style="list-style-type: none">Filled all accepted slots by the EC Spring MSDS collectionSpent all funds for those slots and/or accepted for PIE <p>NO CARRYOVER BUDGET</p>	<ul style="list-style-type: none">Filled all accepted slots by the EC Spring MSDS collectionDid not spend all funds from filled slots or accepted for PIE <p>CARRYOVER BUDGET using funds per program option for which the funds were accepted.</p>

Scenario C	Scenario D
<ul style="list-style-type: none"> • Did not fill all accepted slots by the EC Spring MSDS collection • Spent all funds for slots that were filled and those accepted for PIE 	<ul style="list-style-type: none"> • Did not fill all accepted slots by the EC Spring MSDS collection • Did not spend all funds from slots that were filled and/or those accepted for PIE
<p><i>RECOVERY OF FUNDS due to slots not filled</i></p>	<p><i>RECOVERY OF FUNDS due to slots not filled + CARRYOVER BUDGET</i> using funds per program option for which the funds were accepted.</p>